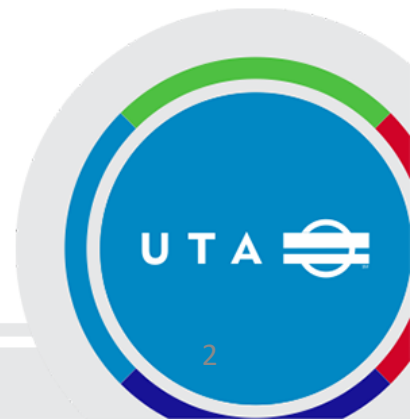# UTA Audit Committee Meeting
January 31, 2022

Call to Order
and Opening Remarks

Safety First Minute

Consent

a. Approval of November 15, 2021 Audit Committee Meeting Minutes

Recommended Action (by acclamation)

Motion to approve consent agenda

Reports and Approvals

External Auditor Engagement Letters for 2021 Audits (Crowe LLP)

2022 Internal Audit Charter
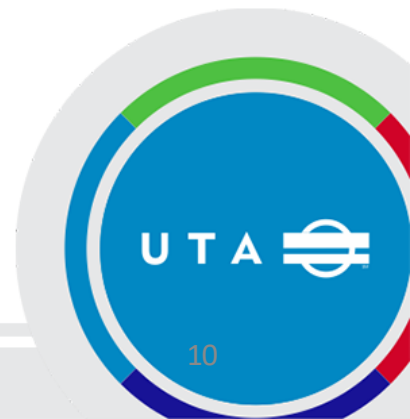
Three updates were made:

1) Updated reference of "Chief Internal Auditor" to "Director of Internal Audit"

2) Updated language to specify what aspect of IIA standards we follow

3) Reference to "Compliance Officer" was replaced with "Legal Counsel"

Recommended Action (by acclamation)

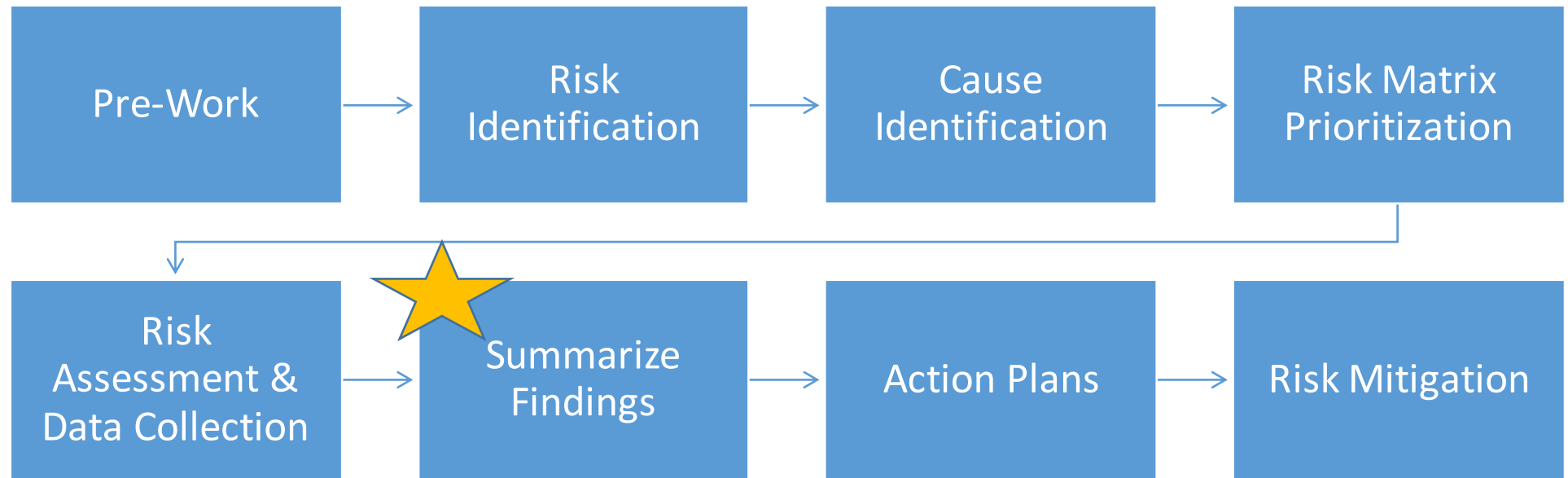Motion to approve Internal Audit Charter

2021 Risk Assessment

Process

Pre-Work → Risk Identification → Cause Identification → Risk Matrix Prioritization

Risk Assessment & Data Collection → Summarize Findings → Action Plans → Risk Mitigation

Pre-Work

o What might prevent/impede UTA from achieving its Strategic Goals?
o What might damage UTA's reputation or public image?
o What issues might arise from critical infrastructure?
o What issues could result from the loss of functionality of critical systems?
o What issues might arise regarding Budget, Fiscal Planning, and Capital Availability that concern you?

o What might impact UTA's ability to deal with Catastrophes?
o What might cause issues with Customer satisfaction?
o What concerns do you have regarding Safety issues?

Risk Matrix Prioritization

Potential Impact

1. Negligible
2. Minor
3. Moderate
4. Significant
5. Major

Risk Matrix Prioritization

Probability of Occurrence of Risk

1. Rare – Reasonable assumption that an event will not occur.
2. Unlikely – Reasonable assumption that an event will not occur.
3. Possible – Reasonable assumption that an event may occur.
4. Likely – Reasonable assumption that an event will occur.
5. Almost Certain – Reasonable assumption of an impending event.

Participation

|	Participation Count	Participation Percent
Board Members	3/3	100%
Executive Team	4/7	57%
Regional General Managers	6/6	100%
Directors/Sr. Managers	16/20	80%
Managers	29/51	57%
Total Participation	**58/87**	**67%**

Weighted Rating System

- Risks were prioritized utilizing the Weighted RPN

- Factors included:
  - Position of respondent
  - Individual ratings of impact (SEV for severity)
  - Individual ratings of likelihood of the risk occurring (OCC for occurrence)

  Position x SEV x OCC = Weighted Risk Priority Number (RPN)

Heat Map
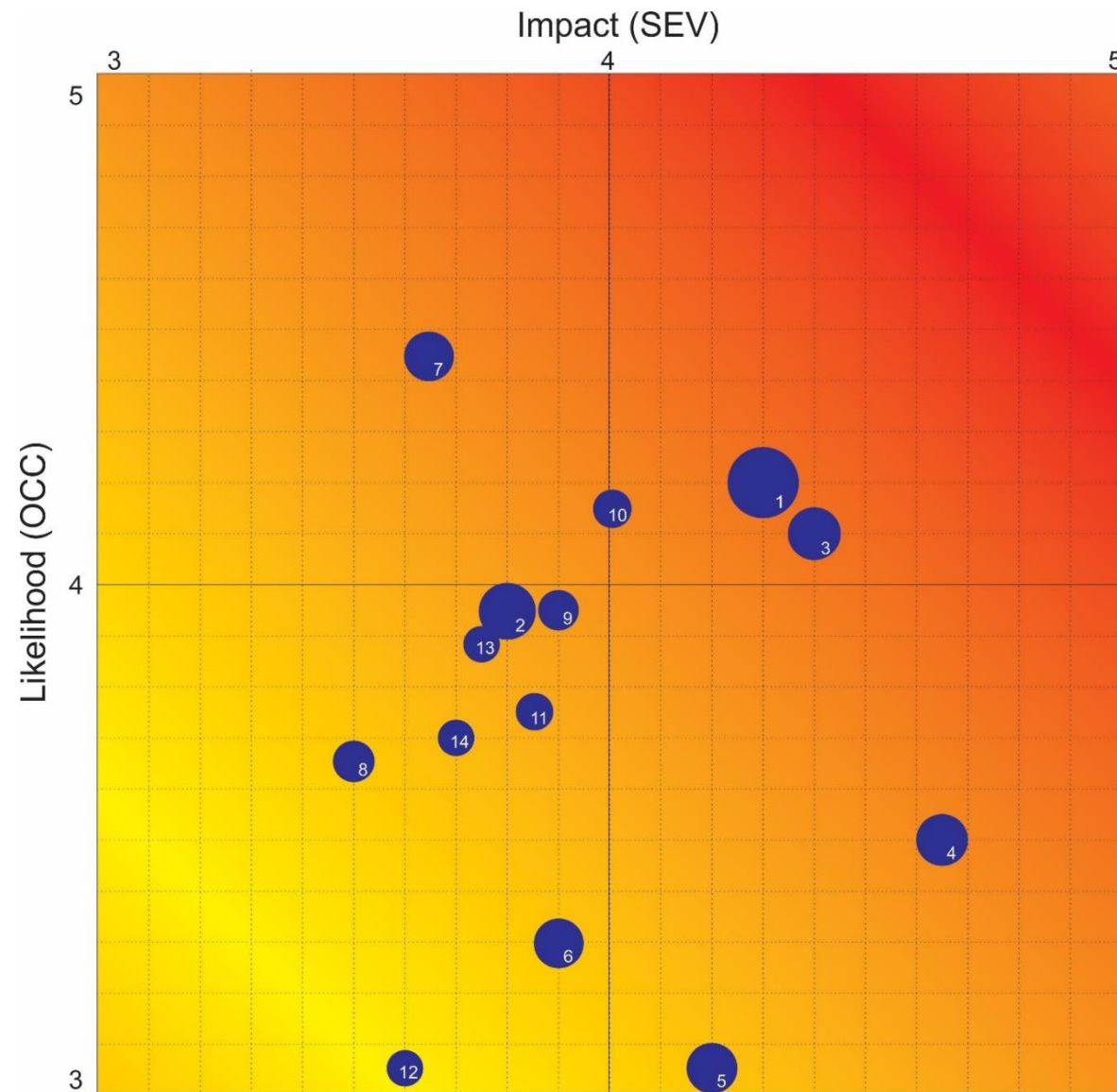
Top 7 Perceived Risks

Priority	Identified Risk
1	Ability to attract needed employees
2	Strategic direction from leadership
3	Decision making by leadership
4	Cyberattack
5	Disaster response capability
6	Revenue to meet operational needs
7	Turnover due to pay/benefits

UTAH TRANSIT AUTHORITY

UTA

Next Steps

- Understand each Risk

- Assign Ownership

- Begin Risk Mitigation Planning

2022 Internal Audit Plan Approval

2022 Audit Plan – Next Phase Projects

Engagement #	Audit Phase Project	Expected Timeline
21-06	Fuel Cost	Q4 2022
21-02	Utility Costs	Q2 2022
21-03	MOW Systems	Late Q2/early Q3 2022
21-04	Bus Operations	Late Q2/early Q3 2022
20-02	Transit Oriented Development	Q3 2022

Notable Exclusions:
- Information Technology General Controls audit phase (2023 audit plan)
- Debt Cost audit phase (2023 audit plan)
- Capital Projects audit phase (2023 audit plan)

2022 Audit Plan – New Projects

Engagement #	Project Name	Expected Timeline
22-01	Commuter Rail Operations	Q3/Q4 2022
22-02	Light Rail Operations	Q3/Q4 2022
22-03	Covid Stimulus Spending	Q2 2022
22-04	Fleet Engineering	Q3 2022
22-05	Benefits Calculations	Q1 2022
22-06	Support Fleet Performance	Q1/Q2 2022
22-07	Cell Phone Performance	Q1 2022
22-08	Capital Asset Accounting	Q3 2022

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2022 Audit Plan – Special Projects

Engagement #	Project Name	Expected Timeline
22-08	Data Discovery (third-party)	Q1 2022
22-09	Data Analytics	Ongoing

Recommended Action (by acclamation)

Motion to approve Internal Audit Plan
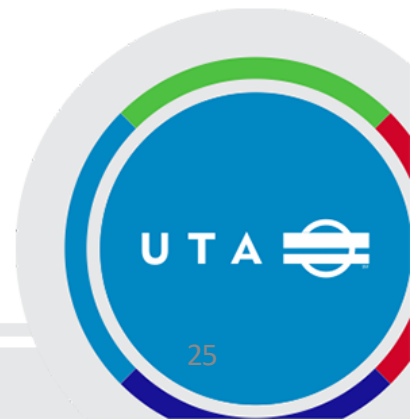
Internal Audit Update

- 2021 Audit Plan Status

- Internal Audit Quality Assessment (QAIP)

2021 Audit Plan Status

Engagement #	Preliminary Assessment / Audit	Status
20-07	Capital Projects Preliminary Assessment	Complete
21-01	Fares Revenue Implementation Follow Up	Complete
21-02	Utility Costs - PA/Audit	Complete
19-07	Payroll - Follow up	Complete
21-03	Maintenance of Way (Systems) - PA	Complete
20-01	Procurement Contract Management - Audit	Complete
21-04	Bus Training and Ops - PA	Complete
20-02	Transit Oriented Development - Audit	Extend to 2022
20-04	Maintenance of Way (Infrastructure) - Follow up	In progress

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2021 Audit Plan Status

Engagement #	Preliminary Assessment (PA) / Audit	Status
19-05	Data Access - Audit	Complete
19-08	Accounts Payable - Follow up	Complete
21-05	Information Technology General Controls - PA	In progress
21-06	Fuel Costs - PA/Audit	Complete
21-07	Debt - PA/Audit	Complete

2021 Quality Assurance and Improvement Program (QAIP)

- Requirement of the IIA
    - Ongoing monitoring
    - External assessment every 5 years (last completed 2019)
    - Annual self-assessment

- 2021 self-assessment activities included:
    - Survey of management
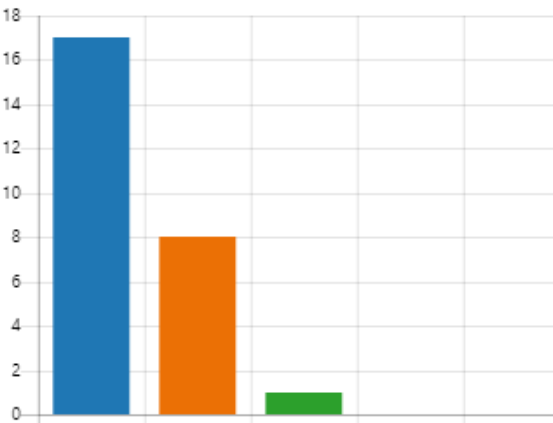   - Performance Standards Checklist
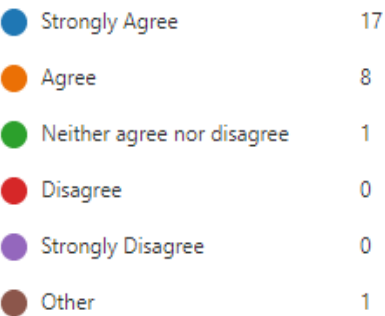   - Standards Gap Analysis

2021 QAIP – Management Survey

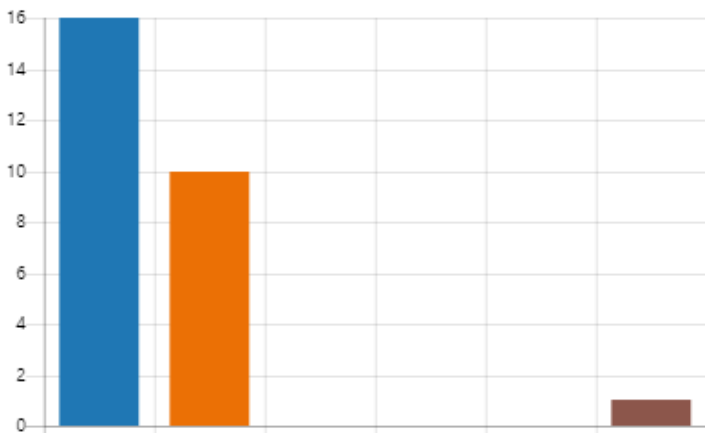3. Internal Audit staff is courteous and respectful of me and my staff (if applicable)

More Details   💡 Insights
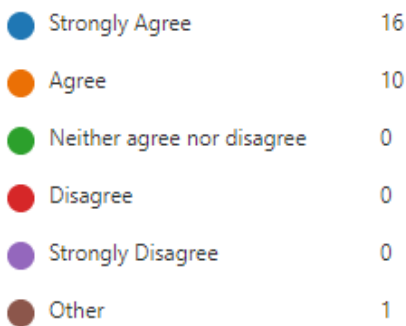
🔵 Strongly Agree	17
🟠 Agree	8
🟢 Neither agree nor disagree	1
🔴 Disagree	0
🟣 Strongly Disagree	0
🟤 Other	1

8. The Internal Auditors behave ethically

More Details

🔵 Strongly Agree	16
🟠 Agree	10
🟢 Neither agree nor disagree	0
🔴 Disagree	0
🟣 Strongly Disagree	0
🟤 Other	1
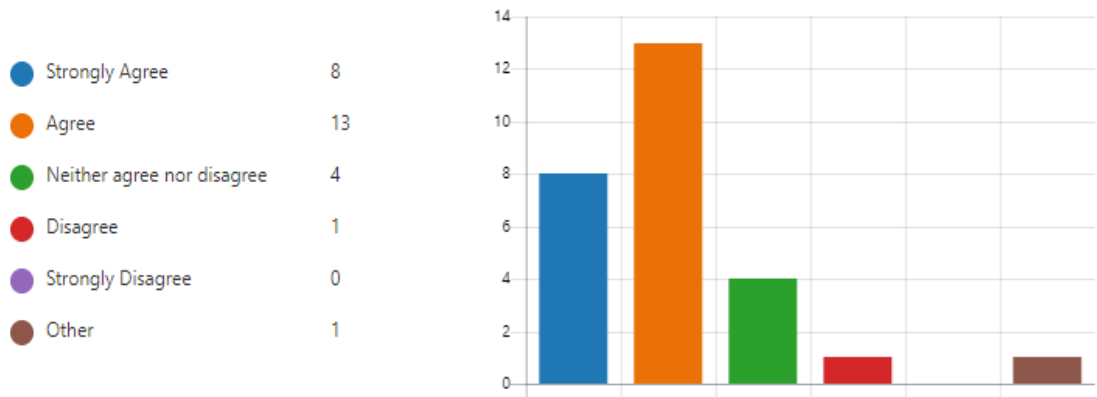
2021 QAIP – Management Survey
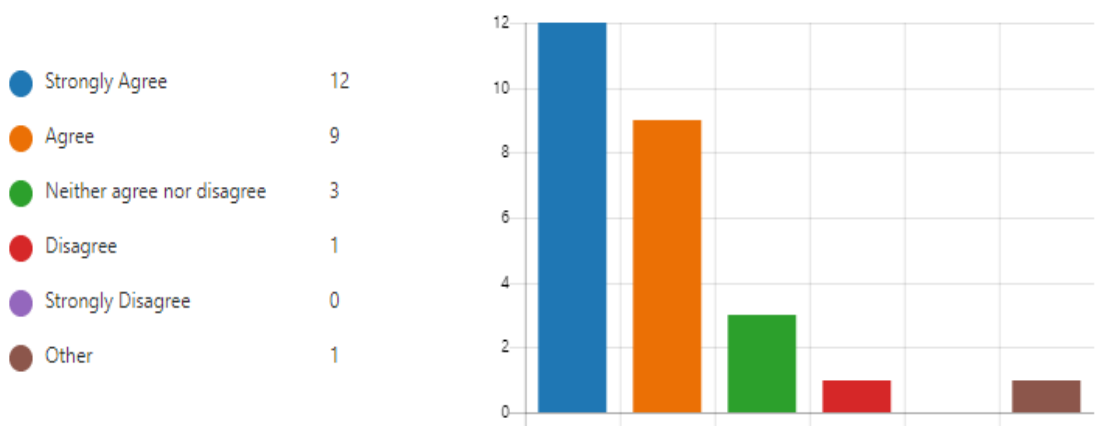
2021 QAIP - Recommendations

1. Complete self-assessments annually

2. Post-engagement surveys

3. Update planning checklist (fraud risk, assignment memo, etc)

4. Better align governance and risk assessments with COSO

5. More clearly state engagement objectives at engagement start

6. Update Internal Audit Charter

7. Require auditors to complete annual refresher training on Standards

8. Update internal IA policies

9. Coordinate with other assurance activities

Internal Audit Report Review

Preliminary Assessment Report- Debt Cost Audit

Debt Cost Preliminary Assessment - Scope

Audit Scope
Governance
Issuance process
Post-issuance process
Compliance with bond covenants and tax laws
Management of third party contractors

We reviewed controls implemented after January 2019.

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Debt Cost Preliminary Assessment - Results

- Strong controls exist to plan and execute a bond issuance strategy

- Detailed records of bond issuances, accounting, and evidence of compliance are maintained

- UTA vets third parties for professionalism and competency

- Third party contracts have clauses protecting UTA in key areas such as conflicts of interest.
  - *Recommendation:* Standard contract language should be updated to cover UTA expectations and requirements for data breaches.

Other Business

a. Next meeting: Monday, April 18, 2022, at 3:00 p.m.

Adjourn